

1 Q. In the response to Request for Information PUB-NLH-383, Hydro states:
2 *“These rate changes were not implemented as the revenue requirement effects of*
3 *the cost increases reflected in the 2007 Test Year for Domestic and General Service*
4 *diesel customers have been offset by Government funding. This funding was to be*
5 *discontinued upon new rates being approved upon conclusion of the current GRA.”*
6 In the GRA currently before the Board, is government funding still being used to
7 offset the cost increases for domestic and general service diesel customers? If yes,
8 please provide the amount. If no, please indicate from which customers these costs
9 are being recovered.

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12 A. In the 2015 Test Year filed in the current GRA, it is assumed that Rural Isolated
13 Domestic and General Service customers will pay their proposed rates and thus
14 there is no additional cross-subsidization by other customers included in Hydro’s
15 rate request.

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17 On a forecast basis, in 2015 Government will provide a total of \$400,000 to fund the
18 deferred 2007 rate increase to Rural Isolated Domestic and General Service
19 customers. Any shortfall between the amount of \$400,000 and the actual cost of
20 the deferred 2007 rate increase to these customers will be absorbed by Hydro and
21 thus there will be no additional cross-subsidization by other customers.

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23 As indicated in Government’s directive OC2013-372 filed in Hydro's response to
24 PUB-NLH-383¹, commencing January 1, 2016 the Government directive that
25 deferred the 2007 rate increase for Rural Isolated Domestic and General Service

¹ PUB-NLH-383 Attachment 4, Page 1 of 1.

- 1 customers will no longer apply. Therefore, it will be necessary that new rates come
- 2 into effect on January 1, 2016 for these customers.